

Top Secret

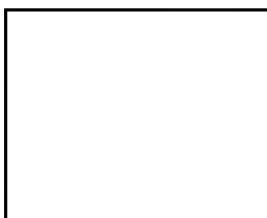
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NATIONAL INTELLIGENCE DAILY CABLE

Saturday May 15, 1976 CI NIDC 76-115C

State Department review completed



NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Saturday May 15, 1976.

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

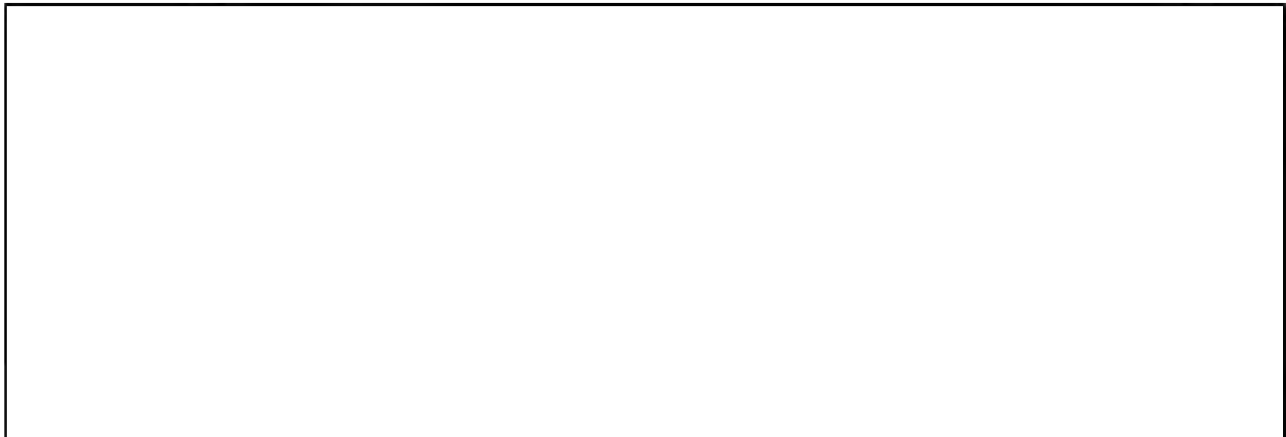
LEBANON

[REDACTED] Lebanese Prime Minister Karami yesterday proclaimed still another cease-fire, but the agreement is unlikely to be effective. If it fails, Syria probably will push ahead with its effort to destroy the military capability of the Lebanese left-ist and Palestinian extremist groups.

[REDACTED] Damascus may hope that the radicals have been chastened by the heavy attacks in Tripoli and will now limit their active opposition to Syria's mediation efforts in Lebanon.

[REDACTED] The radicals, however, continue to receive financial and military support from Libya and Iraq. They fear Syrian occupation of Muslim areas of Lebanon as much as military confrontation with Damascus, and they have no interest in preventing the further spread of heavy fighting.

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[redacted] Damascus seems to have taken special care not to engage Fatah forces fighting with the leftists in the Aynturah area this week. Syria presumably fears a clash with the main-line fedayeen would damage President Asad's reputation in the Arab world and at home.

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[redacted] To attack Fatah directly would also entail further strengthening of Syrian forces in Lebanon, and cause widespread desertions among Syrian-controlled Palestinian units in Lebanon.

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[redacted] Some elements of the Syrian-controlled Palestine Liberation Army in Tripoli have already deserted to fight on the side of the radical fedayeen. Yasir Arafat has been encouraging these desertions and yesterday publicly called on Liberation Army units to leave Tripoli.

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[redacted] Liberation Army units that had been patrolling a buffer zone in Beirut withdrew Thursday night, presumably as a result of their divided loyalties and because they were suffering increasing numbers of casualties.

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[redacted] Fighting was heavy yesterday in most of the usual troublespots in Lebanon. Leftist forces claimed to have advanced from Muslim-controlled eastern Lebanon to a point where they command the heights overlooking the town of Farayya. If true, this would be the leftists' deepest penetration into the Christian core area of the country. [redacted]

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USSR

25X1 [] Last year's harvest failure in the USSR is increasingly affecting food supplies, but we anticipate an easing by early summer. Citizens are grumbling, but the only report of civil unrest is that stevedores are conducting a work slowdown in the Baltic seaport of Riga to protest food shortages.

25X1 [] The slowdown probably reflects resentment of the fact that food supplies are being exported through Riga while shortages persist in that area.

25X1 [] In rural areas, severe shortages of meat and sausage, butter, milk, sugar, eggs, rice, flour, and noodles are being noted in state retail outlets with increasing frequency.// 25X1

25X1 [] Urban residents, too, are becoming more aware of shortages. Embassy officers have noted meat shortages in a few cities but have generally found that supplies of most foods, including bread, are "basically adequate."

25X1 [] By contrast, cabbage and onions disappeared from Moscow state stores at the end of March, much earlier than usual. Both vegetables can still be bought in collective farm markets, but for record high prices.

25X1 [] Moscow shoppers were angered that no special efforts were made to stock stores for May Day. 25X1

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[redacted] Shortages of vegetables and dairy products should ease as the new crop becomes available in July or August. Production of meat, however, will continue at reduced levels for the balance of the year.

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[redacted] Moscow could double last year's imports of 500,000 tons of meat to augment domestic supplies, but so far--other than unknown amounts of meat purchased from East Europe--the Soviets have contracted for only small quantities of mutton and beef from New Zealand.

USSR-CUBA

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[redacted] A *Pravda* article on Thursday condemns what it describes as an "unbridled" anti-Cuban campaign by certain US officials and "reactionary" elements of the news media.

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[redacted] An article signed by "Observer"--indicating top-level Kremlin endorsement--charges that the campaign is based on groundless allegations that Cuban intervention on behalf of the Popular Movement regime in Angola was illegal. "Observer" argues that assistance to Angola by Cuba, the USSR, and other socialist states was justified by the Popular Movement's legitimacy, South African intervention, UN resolutions, and international law.

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[redacted] Asserting that the anti-Cuban campaign risks creating greater tensions, the article implies that the recent increase in attacks on Cuban fishing boats by emigre groups based in the US is intentional.

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[redacted] "Observer" warns that the USSR cannot remain indifferent to attacks and pressures on Cuba and demands a halt to the anti-Cuban campaign before "new complications" are introduced into the situation.

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[redacted] The article, clearly meant as a tough reply to US criticism of Cuba's actions in Angola, warns against efforts

to intimidate Cuba and pledges Moscow's unswerving support for Havana. It does not imply any specific action by the Soviet Union on behalf of the Castro regime.

25X1 [] "Observer" suggests that the Castro regime is prepared to develop better relations with the US if Washington lifts diplomatic and economic sanctions against Cuba. The article states that a growing number of "realistic-minded" US officials also favor such a normalization.

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INDIA-BANGLADESH

25X1 [] Bangladeshis will stage a march to the Indian border tomorrow to protest New Delhi's distribution of Ganges River water. The protest could further complicate relations between India and Bangladesh--especially if the marchers ignore India's warning not to cross the frontier.

25X1 [] A prominent anti-Indian Bangladeshi, Maulana Bhashani, says he will lead a nine-mile march to a point at the border near India's Farakka dam project, which partially diverts the flow of the Ganges River. Bangladesh maintains that it has not been getting sufficient water since the Farakka project went into operation last year.

25X1 [] The government of General Zia ur-Rahman, which is engaged in protracted negotiations with India over a water-sharing agreement, does not actively support the march but is allowing it to proceed.

25X1 [] Dacca's ambivalent attitude reflects both its concern not to antagonize India too much, particularly while the Farakka negotiations are still under way, and its need to appear resolute to its own public in support of the Bangladesh position.

25X1 [REDACTED]

25X1 [REDACTED]

25X1 [REDACTED]

25X1 [REDACTED] A breakthrough on the Farakka problem may be possible if the march does not result in serious incidents. Improved relations with Bangladesh would be consistent with India's recent moves to normalize relations with its other neighbors.

25X1 [REDACTED] India appears pleased with the successful effort of Zia to consolidate his control in Bangladesh and may be willing to be conciliatory in an effort to encourage the continuation of Zia's generally positive attitude toward India. [REDACTED]

25X1 [REDACTED]

ARGENTINA

25X1 [REDACTED] The Argentine military government, reversing the Peronist policy of state control of the oil industry, is calling for more foreign and domestic private investment in its drive to achieve energy self-sufficiency.

25X1 [REDACTED] Foreign cooperation is especially vital for exploration of offshore areas where new finds are most likely. US companies now operating in Argentina have indicated cautious interest, but some--such as Amoco, Cities Service, and Exxon--are awaiting settlement of claims arising from Peronist nationalization before undertaking new commitments.

25X1 [REDACTED] Although Argentina is not a large petroleum importer--domestic production covers 85 to 90 percent of consumption--achieving self-sufficiency will be difficult. Production has been declining steadily because of mismanagement by the state-owned oil company.

25X1 [REDACTED] Output fell 5 percent in 1975, and in the first three months of 1976 was 3 percent less than in the same 1975 period. Imports, including petroleum products and natural gas, cost the country some \$400 million last year, more than 10 percent of total import value.

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[redacted] In addition to boosting exploration, the regime hopes to maximize production from present fields by increased drilling and use of secondary recovery methods. These measures could arrest the downward production trend within a few months. Over the longer run, the achievement of self-sufficiency will depend on the size of new discoveries and the growth in energy demand.

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[redacted]

INDIA-PAKISTAN

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[redacted] India and Pakistan have agreed to resume diplomatic relations, severed during their 1971 war. The decision was announced in Islamabad yesterday at the end of three days of talks between delegations led by the two countries' foreign secretaries. They also agreed to restore rail and civil air links and to allow overflights.

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[redacted] The announcement did not specify when the agreements would be implemented.

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[redacted] The agreements are the first in over a year under the 1972 Simla accord, in which the two governments pledged to resolve outstanding problems through bilateral negotiations. The new agreements are part of a general effort to lower tensions in South Asia in recent weeks that has included a decision by China and India to resume ambassadorial-level relations and a commitment by Pakistan and Afghanistan to hold a summit conference soon.

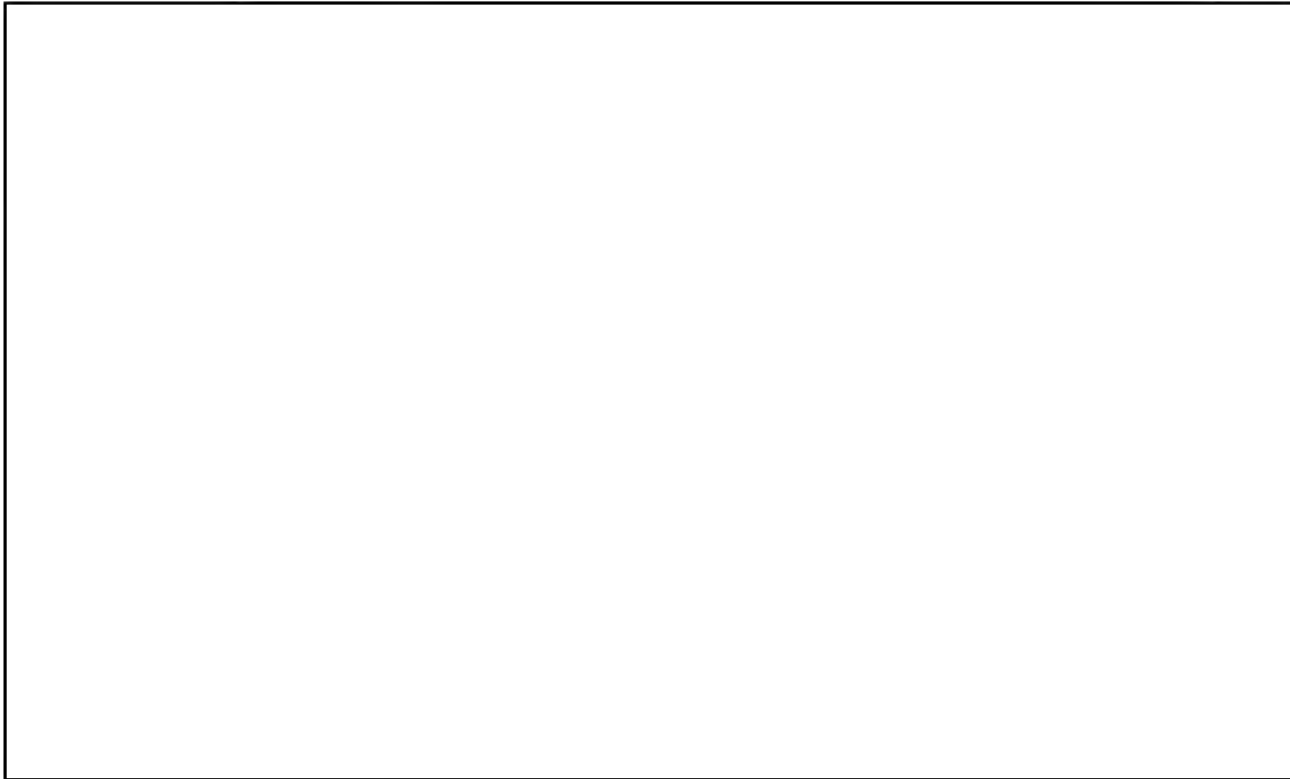
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FINLAND

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[REDACTED] //President Kekkonen refused to accept the government's resignation Thursday and is trying to arrange a compromise that will keep the five-party coalition together. He asked party leaders to stay in the coalition but allow the Communists to oppose the government's sales tax bill. Communist opposition to the tax bill had prompted Prime Minister Miettunen to tender his government's resignation.//

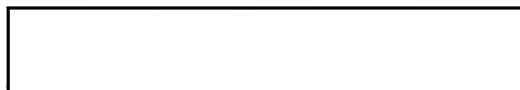
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[REDACTED] //Kekkonen has given party leaders until next Tuesday to ponder this solution. Spokesmen for all the coalition parties--including the Communists--agree that Finland needs as broad a government as possible.//

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[REDACTED] //The President's proposal will require some parties to make basic policy modifications. The liberal wing of the Communist Party will be open to attack by the Stalinist faction if it agrees not to leave the government, and the Social Democrats may have to shelve proposed remedies for economic recovery.//

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[REDACTED] //If the parties cannot make the necessary adjustments, Kekkonen may press Miettunen to redraft the controversial tax bill. The Communists reportedly would accept the proposed sales tax if it were part of a broader tax reform. The three non-socialist coalition parties may not agree to this.//

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[REDACTED] //If his compromise fails, Kekkonen probably will try to achieve a new coalition rather than schedule elections. Possible governments include a reconstituted four-party coalition without the Communists or a minority Social Democratic administration. [REDACTED]

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[REDACTED]

[REDACTED]

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